

## BEFORE THE ARIZONA CORPORATION COMMISSION

## COMMISSIONERS

LEA MÁRQUEZ PETERSON - Chairwoman  
SANDRA D. KENNEDY  
JUSTIN OLSON  
ANNA TOVAR  
JIM O'CONNOR

## NEW APPLICATION

In the matter of:

DOCKET NO. S-21176A-21-0412

KELLY MARIE RYAN a.k.a. KELLY  
BLACK RYAN a.k.a. KELLY BLACK-  
WHITE a.k.a. KELLY BLACK, an unmarried  
person,

NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER TO CEASE AND DESIST, ORDER  
FOR RESTITUTION, AND ORDER FOR  
ADMINISTRATIVE PENALTIES

PREMIER MEDIA SERVICES, INC. d.b.a.  
PREMIER DISTRIBUTING SERVICES d.b.a.  
LENIS USA, an Arizona corporation,

Respondents.

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents Kelly Ryan and Premier Media Services, Inc. have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division also alleges that Kelly Ryan is a person controlling Premier Media Services, Inc. within the meaning of A.R.S. § 44-1999(B), so that she is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Premier Media Services, Inc. for its violations of the antifraud provisions of the Securities Act.

## I.

## JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

**II.**

**RESPONDENTS**

2. Kelly Marie Ryan a.k.a. Kelly Black Ryan a.k.a. Kelly Black-White a.k.a. Kelly Black (“Ryan”) has been a resident of the state of Arizona since at least 1989.

3. Premier Media Services, Inc. d.b.a. Premier Distributing Services d.b.a. Lenis USA (“Premier”) is a corporation organized under the laws of the state of Arizona in October 2005.

4. In May 2018, Premier registered “LenisUSA” as a trade name with the Arizona Secretary of State and described its business as “medical device sales org.”

5. Since Premier’s incorporation, Ryan has been its CEO and director.

6. Ryan and Premier may be referred to collectively as “Respondents.”

7. Respondents have never been registered or licensed with the Commission as securities salesmen or dealers.

**III.**

**FACTS**

***The Lenis BC Offering***

8. Lenis Medicals Ltd. (“Lenis BC”) is a corporation incorporated under the laws of the Province of British Columbia.

9. At all relevant times, Lenis BC operated as a medical device company focused on a needle-free medication injection device (“the Device”).

10. At all relevant times, Hassan Salari (“Salari”) has been the president and CEO of Lenis BC.

11. In or around September 2017, Premier entered into an agreement (“Distribution Agreement”) with Lenis BC whereby Premier became the exclusive distributor of the Device in the United States.

12. Premier and Ryan entered into another agreement with Lenis BC in January 2018 pursuant to which Lenis BC retained Premier as a “business development advisor.”

1           13. Premier's duties under the January 2018 agreement included "[a]ssist[ing] in  
2 introduction of [Lenis BC] to the potential investors."

3           14. Pursuant to the January 2018 agreement, Premier received a total of 100,000 shares  
4 of Lenis BC stock in exchange for its services.

5           15. From July to September 2018, Premier and Ryan offered and sold Lenis BC stock to  
6 at least four investors ("Lenis BC Investors") in exchange for at least \$146,500.

7           16. The Lenis BC Investors were residents of Arizona.

8           17. The shares of Lenis BC stock were not registered with the Commission.

9           18. Respondents provided at least three of the Lenis BC Investors with a Private  
10 Placement Memorandum ("Lenis BC PPM").

11           19. One version of the Lenis BC PPM instructed potential investors to send checks and  
12 subscription agreements to Premier's address in Mesa, Arizona.

13           20. The Lenis BC PPM provided that "Questions concerning the Company and any  
14 requests for additional information should be directed to [Lenis BC at Premier's address in Mesa,  
15 Arizona.]" The Lenis BC PPM also directed potential investors to contact Ryan via phone.

16           21. The Lenis BC PPM represented that the Lenis BC stock was being offered pursuant  
17 to Regulation D, Rule 506, but no Form D Notice of Exempt Offering of Securities was ever filed  
18 with the Securities and Exchange Commission.

19           22. The Lenis BC PPM represented that Lenis BC would provide all purchasers of  
20 shares with a detailed written statement of the application of the proceeds of the offering within six  
21 months after the completion of the offering. No such accounting was ever provided to the Lenis  
22 BC Investors.

23           23. The Lenis BC PPM represented that the Device "is proposed as Class I with the U.S.  
24 FDA" and "FDA Class I registration has been initiated," but Lenis BC never submitted the Device  
25 to the FDA for approval or registration of any kind.  
26

24. The Lenis BC PPM included a “financial overview” which provided numbers that were not accurate.

25. The financial overview contained a balance sheet which included an asset described as “Patent Value at Cost” and valued at \$4,300,000. However, there was no reasonable basis for that patent valuation, nor was the patent owned by Lenis BC.

26. In fact, Salari had purchased intellectual property rights associated with the Device from Lenis BC’s then-parent company for \$31,836.

27. The Lenis BC included an “Estimated Use of Proceeds Statement” indicating that the investment proceeds would be used on inventory and manufacturing. However, certain proceeds were used to pay debtholders, including Salari himself.

### *The Lenis USA Offering*

28. In addition to the offer and sale of Lenis BC stock, Respondents also offered and sold shares of Premier d.b.a. Premier Distributing Services and Lenis USA.

29. From October 2018 to May 2019, Respondents offered and sold shares of stock in Premier to at least two investors (“Lenis USA Investors”) in exchange for at least \$75,000.

30. The shares of Premier stock were not registered with the Commission.

31. The Lenis USA Investors made their checks payable to Lenis USA or wired the investment funds directly to Premier’s bank account.

### *Failure to Disclose Kelly’s Legal History*

32. Respondents did not disclose to certain Lenis BC Investors or Lenis USA Investors that:

a) On December 14, 2011, Ryan was indicted on charges of conspiracy to commit securities fraud and wire fraud. Ryan pled guilty to conspiracy to commit securities fraud and multiple counts of wire fraud in February 2014 and was sentenced to imprisonment.

b) In September 2014, the Securities and Exchange Commission (“SEC”) issued an Order Instituting Administrative and Cease-and-Desist Proceedings against Ryan. The

1 administrative proceeding resulted in a Decision concluding that Ryan violated the antifraud  
2 provisions of the federal securities laws. The Decision also ordered Ryan to cease and desist from  
3 further violations, imposed a penny stock bar, and imposed an officer and director bar against Ryan.

4 **IV.**

5 **VIOLATION OF A.R.S. § 44-1841**

6 **(Offer or Sale of Unregistered Securities)**

7 33. From on or about July 2018 to May 2019, Respondents offered and sold securities in  
8 the form of stock, within or from Arizona.

9 34. The securities referred to above were not registered pursuant to Articles 6 or 7 of the  
10 Securities Act.

11 35. This conduct violates A.R.S. § 44-1841.

12 **V.**

13 **VIOLATION OF A.R.S. § 44-1842**

14 **(Transactions by Unregistered Dealers or Salesmen)**

15 36. Respondents offered or sold securities within or from Arizona while not registered as  
16 dealers or salesmen pursuant to Article 9 of the Securities Act.

17 37. This conduct violates A.R.S. § 44-1842.

18 **VI.**

19 **VIOLATION OF A.R.S. § 44-1991**

20 **(Fraud in Connection with the Offer or Sale of Securities)**

21 38. In connection with the offer or sale of securities within or from Arizona, Respondents  
22 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements  
23 of material fact or omitted to state material facts that were necessary in order to make the statements  
24 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
25 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
26 offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Ryan and Premier falsely or misleadingly represented to certain Lenix BC Investors that the Device “is proposed as Class I with the U.S. FDA” and “FDA Class 1 registration has been initiated”;

b) Ryan and Premier made inaccurate representations to certain Lenis BC Investors regarding Lenis BC's finances, including the value of its intellectual property;

c) Ryan and Premier falsely represented to certain Lenis BC Investors that investment proceeds would be used on inventory and manufacturing; and

d) Respondents failed to disclose Ryan's history of criminal and securities violations to Lenis BC Investors and Lenis USA Investors.

39. This conduct violates A.R.S. § 44-1991.

VII.

**CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

14. Since at least October 2005, Ryan has been and/or held herself out as the CEO and as a director of Premier.

15. Since at least October 2005, Ryan directly or indirectly controlled Premier within the meaning of A.R.S. § 44-1999. Therefore, Ryan is jointly and severally liable to the same extent as Premier for its violations of A.R.S. § 44-1991.

## VIII.

### REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;



3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order any other relief that the Commission deems appropriate.

#### IX.

#### HEARING OPPORTUNITY

Each Respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306.

**If a Respondent requests a hearing, the requesting Respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at <http://www.azcc.gov/hearing>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail [cdbuck@azcc.gov](mailto:cdbuck@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodation. Additional information about the administrative action procedure may be found at <http://www.azcc.gov/securities/enforcement/procedure>.

**X.**

**ANSWER REQUIREMENT**

Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting Respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to Chris Nichols.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering Respondent or Respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering Respondent intends in good faith to deny only a part or a qualification of an allegation, the Respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 30th day of December, 2021.

/s/ Wendy Coy  
Wendy Coy  
Assistant Director of Securities